97-84054-7

Mississippi Legislature. Senate.

Joint report of the Senate and House Committees...

Jackson, Miss.

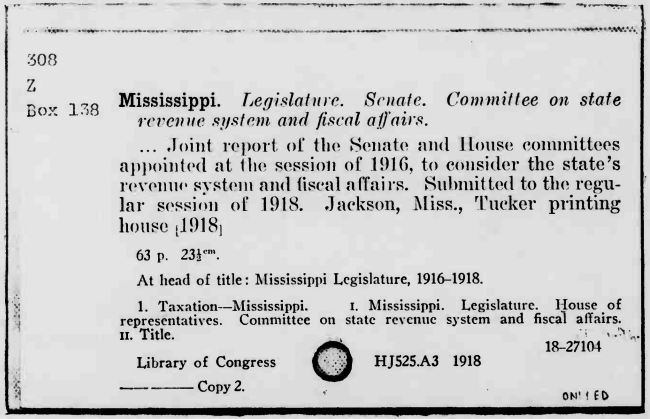
[1918]

97-84054-7
MASTER NEGATIVE #

COLUMBIA UNIVERSITY LIBRARIES
PRESERVATION DIVISION

BIBLIOGRAPHIC MICROFORM TARGET

ORIGINAL MATERIAL AS FILMED - EXISTING BIBLIOGRAPHIC RECORD



308
Z
Box 138

Mississippi. *Legislature. Senate. Committee on state revenue system and fiscal affairs.*

... Joint report of the Senate and House committees appointed at the session of 1916, to consider the state's revenue system and fiscal affairs. Submitted to the regular session of 1918. Jackson, Miss., Tucker printing house [1918]

63 p. 23½cm.

At head of title: Mississippi Legislature, 1916–1918.

1. Taxation—Mississippi. I. Mississippi. Legislature. House of representatives. Committee on state revenue system and fiscal affairs. II. Title.

18-27104

Library of Congress HJ525.A3 1918

Copy 2.

RESTRICTIONS ON USE: *Reproductions may not be made without permission from Columbia University Libraries.*

TECHNICAL MICROFORM DATA

FILM SIZE: 35mm REDUCTION RATIO: 10:1 IMAGE PLACEMENT: IA (IIA) IB IIB

DATE FILMED: 3-26-97 INITIALS: RB

TRACKING # : 22783

FILMED BY PRESERVATION RESOURCES, BETHLEHEM, PA.

Property of
Legislative Drafting Department
Columbia University

MISSISSIPPI LEGISLATURE
1916-1918

JOINT REPORT

OF THE

SENATE AND HOUSE COMMITTEES

APPOINTED AT THE SESSION
OF 1916, TO CONSIDER THE

State's Revenue System and Fiscal Affairs

SUBMITTED TO THE
REGULAR SESSION
OF 1918

MISSISSIPPI LEGISLATURE
1916-1918

JOINT REPORT

OF THE

SENATE AND HOUSE COMMITTEES

APPOINTED AT THE SESSION
OF 1916, TO CONSIDER THE

State's Revenue System and Fiscal Affairs

SUBMITTED TO THE
REGULAR SESSION
OF 1918

TUCKER PRINTING HOUSE JACKSON MISS

CONTENTS.

		Page
1.	Foreword	4
2.	Preliminary Statement	5
3.	General Discussion of the Problem	9
4.	The Assessor and his Office	19
5.	The Assessment List	21
6.	Arbitration in County Equalizations	22
7.	Transfer Values of Property	23
8.	Insurance Index	24
9.	Bank, Mercantile and Manufcturers' Statements	25
10.	Fiscal Dates	26
11.	Public Service Corporations to be Assessed by Tax Commission	27
12.	Boards of Supervisors	28
13.	State Tax Commission	30
14.	The General Property Tax	33
15.	The Classified Property Tax	38
16.	Income Taxes	41
17.	Inheritance Taxes	43
18.	Privilege Taxes	44
19.	Public Service Corporations	45
20.	Banks and Mercantile and Manufacturing Corporations	49
21.	Budget System	52
22.	General Purchasing Board	55
23.	General Auditing System	55
24.	Local Levies and Expenditures	57
25.	Six Per Cent Exemption Statute	58
26.	Road Expenditures	58
27.	Serial Bond Issues	59
28.	Distribution of School Funds	59
29.	Concluding Observations and Recommendations	60

1926 v.1/3/25

COMMITTEE ON BEHALF OF THE SENATE.

LIEUT. GOV. LEE M. RUSSELL, Chairman.

SENATOR W. M. WHITTINGTON, of Leflore County, Vice-Chm.

SENATOR H. C. YAWN, of Lamar County.

SENATOR H. H. CASTEEL, of Holmes County.

SENATOR J. A. BLOUNT, of Grenada County.

SENATOR JOSEPH A. BAKER, of Hinds County.

SENATOR W. C. BOWMAN, of Adams County.

COMMITTEE ON BEHALF OF THE HOUSE.

HONORABLE SENNETT CONNER, Chm., of Covington County.

HONORABLE A. H. STONE, Vice-Chm., of Washington County.

HONORABLE A. S. KYLE, of Panola County.

HONORABLE JOSEPH E. NORWOOD, of Pike County.

HONORABLE FRANK ROBERSON, of Pontotoc County.

HONORABLE OSCAR G. JOHNSTON, of Coahoma County.

HONORABLE J. S. HOWERTON, of Lee County.

HONORABLE FRED B. SMITH, of Tippah County.

HONORABLE THOMAS L. BAILEY, of Lauderdale County.

HONORABLE S. S. GORE, of Webster County.

HONORABLE W. R. DAVID, of Jackson County.

HONORABLE F. D. HEWITT, of Pike County.

HONORABLE W. E. McINTYRE, of Rankin County.

GEORGE B. POWER, Secretary.

To the Members of the Mississippi Legislature:

We beg to submit herewith the Joint Report of the two committees appointed by the Senate and House of Representatives at the session of 1916, to consider Mississippi's revenue system and general fiscal affairs.

The report speaks for itself. It represents the combined labors of the two committees, working with the common purpose of analyzing the evils of our present revenue system, studying the possible avenues of escape and recommending those which seem to offer the largest measure of relief.

The report has been made as brief as is consistent with a comprehensive consideration of a complex situation.

Even should its recommendations not be adopted in their entirety, it is nevertheless confidently believed that the report offers definite and tangible means of meeting most of the fiscal problems which have confronted every legislature for many years past, and which have steadily grown more difficult of solution.

In the last analysis the practical value of any such work depends upon the appeal which it is able to make to the intelligence, sincerity and earnestness of those to whom it is addressed.

It is foreign to our purpose to attempt an anticipation of the measure of our success in this regard. We are content simply to commend the report to your careful consideration.

LEE M. RUSSELL,
Chairman.

SENNETT CONNER,
Chairman.

W. M. WHITTINGTON,
Vice-Chairman.

ALFRED H. STONE.
Vice-Chairman.

A PRELIMINARY STATEMENT.

We have said that the following report must speak for itself. While it is a truism that every report of this nature which feels the need of explanations and apologies would most likely be inherently worthless, it is also true that those whose aid is sought in giving practical effect to the findings of such a report are entitled to know something of the methods and processes by which its conclusions are reached.

In matters of taxation as in matters of private business, the attainment of successful results is usually incompatible with fine-spun theories and doctrinaire ideas, no matter how idealistic the latter may be. It is our view that the State is not just now a proper subject for fiscal experimentation. You, upon whom must finally devolve the duty and responsibility of accepting, modifying or rejecting our proposals, are entitled to know whether we are offering you the untried theories of our own imaginations, or the weighed and tested principles and plans of others who have had to surmount difficulties precisely similar to ours. This is most certainly true also of the people of the state, who will either finally profit by your decisions or bear the burden of your mistakes.

At the outset, we disclaim any merit of originality in what we have to submit. Practically every similar committee to ours has had at its disposal the services of some trained expert or professional student of public finance. We have had to conduct our own investigations and reach our own conclusions, without any such assistance. Being thus circumscribed has not been wholly without its compensations. We have been made to feel our sole responsibility in the premises, which at least tends to make for prudence and conservatism. In all our deliberations we have been guided by thoroughly practical considerations. The tests which we have applied to every suggestion have been comprised in the question, Has the remedy offered been tried and found successful in states similarly situated, and with problems similar to ours?

We therefore propose nothing really radical, as measured by the experience of other states, no matter how novel the particular remedy may seem to those who are not familiar with the fiscal history and affairs of other peoples.

We have studied the problems of taxation and revenue of every state in the Union. We have brought together for this purpose the constitutional and statutory provisions of these states, bearing on

the subject. We have accumulated all the more important reports of the tax committees and commissions of other states. We have also made liberal and constant use of the valuable published proceedings of the various conferences of the National Tax Association. We have, of course, had recourse to the standard works on public finance, and to the documentary publications of the Federal government.

From the very outset we kept constantly before us the primary fact that we were dealing with Mississippi problems, in behalf of Mississippi taxpayers. We therefore endeavored by every means at our command to stimulate interest in our work among the people whom we were trying to serve. We issued public requests for co-operation, suggestions and advice, through the generous medium of the state press. We addressed a personal letter to every county officer and to many municipal authorities. We wrote personally to scores of private citizens and corporate enterprises, and to numerous business and commercial bodies and organizations. We wrote to the proper officers of the State Bankers' Association and to many bankers. We also addressed a personal request for co-operation and suggestions to the proper officials of every public service corporation doing business in Mississippi. In short, we attempted to put into execution along practical lines the spirit which has uniformly characterized our deliberations. This was that we were honestly endeavoring to realize the problems of every class of our taxpayers, whether individuals, private or public corporations, banks, foreign or domestic concerns, and, having realized them, to adjust them to the problems of the state at large.

Our efforts were by no means conspicuously successful. We received numerous replies, and some excellent practical suggestions, from private individuals. But save for two or three notable exceptions, our letters to those representing important corporate interests in the state elicited no response. We note the fact only to emphasize our regret. It may not be inappropriate to express in this connection the conviction of your committee that no group of men chosen by any legislative body in this country was ever less tinctured with politics in the discharge of a public duty. From the very beginning, the deliberations of each committee, and latterly those of the joint body, have been absolutely free of any trace of influence of either personal, political, sectional or class considerations. We are constrained to feel that the importance of the fact

itself, in its practical relation to our work, should relieve the otherwise possibly seeming impropriety of its personal statement.

It has been neither the purpose nor effort of your committee to cast its report in the form of a philosphical treatise on taxation. Rather has it been our endeavor to offer a plain, common sense discussion of those matters which appealed to us as peculiarly needing remedial legislation, to the end of affording relief from a situation which is rapidly becoming economically intolerable, and may easily become dangerous. We harbor no such delusion as that we have discovered a panacea for the financial ills of the state. We do not imagine that we have evolved a model system of taxation, that thus far elusive abstraction which so many have long sought in vain. We set up no more pretentious claim than that we honestly believe that most of our financial difficulties can within a reasonable time be in large degree, if not wholly, overcome by the adoption of the remedies which we suggest.

And we wish to emphasize the fact that we advisedly say "within a reasonable time." There is no quick-rich route to sane tax reform,—no over-night cure-all for fiscal ailments which represent the results of accumulated years of neglect. No legislative enactment can wipe out in a day a deficit which it has taken years to create. Else there would be no need for bond issues, and taxes could be abolished entirely. The obligations of the state, whether to its citizens or its creditors, can be met only with the legal tender of the nation. And money can be procured only by levies or loans, —by taxes or bond issues. And the latter is only a quicker method of raising it, and must be met by taxes in the end.

Our recommendations, therefore, must be considered as means of permanent betterment, which in most instances can only be fully realized after their operation has been thoroughly established. But we, as a matter of course, also recommend ways and means of meeting the situation which immediately confronts the legislature.

There can be no permanent reformation in matters of public finance without temporary compromises, accommodations and concessions. Only ignorance or insincerity can dictate a policy of unyielding insistence upon some principle or idea which its author imagines to be vital to the solution of a given problem. Without the large exercise of the spirit of compromise on the part of the representatives of the Federated States, there would have been no

American Constitution and no American Union. Without the practical exercise of the same essential spirit, the Mississippi Constitutional Convention of 1890 would have been the dismal failure which its opponents predicted for it. Your committee has reached its final conclusions by the same means. Probably no single recommendation we make originally commanded the support of all our members. Some of us have surrendered ideas which we at first most strongly insisted upon. Each of us has accepted something of which he did not at first approve. The one thing upon which we were probably most nearly a unit was the wish to abolish our extensive system of privilege taxes. But we became equally a unit in agreeing that as a business proposition this was immediately hopeless of accomplishment. We have had to content ourselves with merely a declaration of principle.

It is just this spirit of reciprocal accommodation along practical lines to accomplish some practical end, of mutual concession of cherished ideas to the realization of a necessary achievement, which must characterize the legislative consideration of our problem, if even the initial steps toward ultimate solution are ever to be taken. It is in this spirit that we have worked, and it is the exercise of this spirit upon your part which we bespeak in behalf of your consideration of the recommendations which we herewith lay before you.

GENERAL DISCUSSION OF THE PROBLEM BEFORE US.

Certainly, for the past few years, the most important of all domestic problems with which our national government, and practically every state in the Union, have had to deal, is the problem of public finance. It is the one phase of governmental activity that has been and is now receiving more careful consideration than any other, and still, we may safely say, no state has settled upon any system of taxation that is entirely satisfactory.

Almost every state in the American Union, within the past few years, has created a tax commission, special legislative committee, or other authority, by whatever name known, charged with the duty of studying the all important subject of providing revenue. In fact, national and international tax associations have been created for the purpose of studying this problem. Your committee has availed itself of the opportunity of stuying the reports of these various Committees, Commissions, and Associations and acknowledges its gratitude for the information gleaned therefrom.

This problem, therefore, is one neither new nor peculiar to our state. With us it is stupendous in magnitude and critical in importance, but this condition should only more firmly fix the determination of this Legislature honestly and effectively to work out a solution.

Mississippi's antiquated revenue system must be reformed so as to establish an equitable and adequate system for raising the state's income, as well as a logical and economical method of disbursing public funds.

Before prescribing the remedy, the doctor diagnoses the malady; before choosing the relief, the lawyer requires a lucid statement of facts; and before solving the problem, the mathematician demands a clear statement of the proposition. Likewise, we cannot solve the revenue problem or determine the propriety of our course, until we have thoroughly acquainted ourselves with the defects of the system in existence.

Your Committee has made a careful study of our fiscal system as it existed in 1916, and of the results obtained by the legislation of that year. We find that the system, before the legislation of 1916, was defective in four general respects:

First: It furnished an inadequate state income upon a millage rate that should have been sufficient. For the fiscal year 1914, the

state's ordinary receipts were $3,873,264.31, and its ordinary disbursements were $4,254,620.86, a deficit of $381,356.55, notwithstanding the bond issue of $1,250,000.00 authorized in 1914, prior to the beginning of the 1914-1915 fiscal year. The State Auditor's report to the Legislature of 1916 showed that the deficiency of the state's income for the biennial period ending October 1, 1915, figuring ordinary expenditures against ordinary receipts, was $891,752.18. The next report of that official shows that the ordinary disbursements were $531,660.70 in excess of ordinary receipts for the fiscal year ending October 1, 1916. In the last fourteen years deficits occurred in 1902, 1904, 1905, 1906, 1907, 1910, 1912, 1914, 1915 and 1916, and they were barely escaped in each of those few years since 1902 when they were not actually realized.

The responsibility for these deficits should not be attributed to any particular administration, since they clearly result from a defective revenue system. We are convinced that they are not so much the result of waste and extravagance, though these causes have doubtless contributed thereto, as they are of two other factors:

(a). The increase in our population and the natural, progressive broadening of our governmental activities, have greatly augmented the expense of operating the state government. For instance, twenty-five years ago we had no Department of Agriculture, and no Banking Commission, while there was only one person engaged in the Department of Education, and the operations of the Board of Health, the Attorney General's office, and other branches of the government were confined to a much narrower field than now. No thinking person would advise a return to former conditions. With population steadily increasing our colleges, asylums, hospitals and all other state institutions have begun to overflow, and much larger support funds are required. In fact, as Mississippi continues to progress and her population to increase, we may never expect to reduce the sum total of our state expenditures.

(b). Deficits have been further increased by a reduction in some sources of state revenue, despite the fact that the past few years have shown great development in the material prosperity of our people. For example, there was a reduction of $20,781,736.00 in the total assessed valuation in 1915 from what it was in 1914. In 1915 there were 127,242 more acres of land in cultivation, as appears from the assessment rolls, than in 1913, and yet the assessed valuation of the cultivated lands in 1915, with this increased acreage, was $1,512,255.00 less than in 1913. And there was a decrease of $5,000,000.00 in the valuation of wild lands also. These figures are significantly suggestive.

Second. Our system of taxation was not equitable. More deplorable and intricate than the inadequacy of our system was its inequity. Under it a tax furnishing an insufficient income was a greater burden on a portion of our people than a sufficient tax equitably distributed would have been. It was to be regretted that because of variations in land assessments this phase of the question had come to be regarded by many as a sectional one. This view was erroneous, for some of the greatest inequalities existed between values in adjoining counties.

Land, for instance, in Jones County paid to the state a tax of 5c per acre; in Jasper County, which is adjacent, the same character of land paid 2.7 cents per acre. Harrison County paid 21.9 cents per acre; Jackson County, adjacent and of the same character of land, paid 2.7 cents per acre. Lee County paid 4.1 cents per acre. Monroe, adjacent, paid 2.4 cents per acre. Covington County paid 4.9 cents per acre, while Franklin County paid 1.9 cents per acre. These figures are only illustrative of the general condition. These variations were due to the fact that we had eighty different Boards of Supervisors, each having supreme control over the assessment rolls of its particular county. Valuations were reduced, local levies increased, and the state deprived of its legitimate and necessary income.

The tax-payer was supposed to list his property at its actual value, as specified by the State Constitution, and not purposely to reduce his assessment because his neighbors had reduced theirs. Yet, many citizens who are the soul of honor in their general dealings with their fellow man, felt that they were compelled to do that very thing. Because his neighbors never listed their property at its actual value, the levies were two or three times higher than they would be if the law were complied with, and therefore each tax-payer felt that he could ill afford to be an exception by listing his property at full value.

The practice of undervaluation resulted in high levies, and high levies drove certain classes of property, which might be easily concealed, from the assessment rolls. In many districts of this state the rate of taxation was as high as 45 mills, and sometimes even higher. The man who lends money at 8 per cent and pays 4½ per cent taxes feels that he is not being justly dealt with by his government, which

is thereby exacting of him an income tax of more than 50 per cent on gross earnings. Money is worth more than 6 per cent in Mississippi, when loaned in small sums, and the small borrower has to pay more for it if he gets it. As a result, subterfuges for evading taxation were resorted to, the borrower paid the market value of the money he borrowed, the state lost the revenue and the people became accustomed and even reconciled to tax-dodging. Because of high levies, resulting from undervaluation, we received practically no income from taxation on intangible personalty; that class of property, which, with the industrial and commercial progress of recent years, has increased in amount and value as has no other.

Here is the way it worked: About ten years ago tax levies for local purposes began rapidly to increase because of extensive expenditures in many sections for road and school improvements, the normal increased cost of government and the adoption by local boards of the practice of reducing assessed valuations in order to shirk responsibility owed the state. The Constitution requires the listing of property for taxation at full value. Money, solvent credits, bonds, etc., have a somewhat definitely fixed value, and undervaluation of this class of property is most apparent. For example: If A holds B's note for $1,000.00, when A lists that note its face value appears. Tax-payers felt that they could not pay the high rates on a full valuation, and thus intangibles went more and more into hiding.

The assessment rolls carried for the items "Money loaned, on hand, and deposited" in 1901, $8,014,588.00; in 1906, $14,603,017.00; in 1911, $13,984,341.00; and in 1916, only $3,034,012.00. "Money on hand" was valued in 1913 at $422,573; in 1914, at $254,667, and in 1915 at $196,068. "Money on deposit" was listed in 1913 at $1,081,634, in 1914 at $875,164, in 1915 at $558,582. "Money loaned at a greater rate of interest than 6 per cent per annum," listed for taxation in 1913 was $5,062,936, in 1914 was $3,575,630 and in 1915 was $2,434,731. Solvent credits, except money loaned, were listed in 1913 at $2,921,073, in 1914 at $2,537,726, in 1915 at $1,816,882 and in 1916 at $1,454,191. In 1906 bonds to the value of $700,065 were assessed, while in 1916 this class of property showed a valuation of only $445,703, or a decrease of more than 33 1-3 per cent. And all this was in the face of the known and boasted increase in the wealth and general prosperity of our people, and of the steadily increasing demands upon the state's governmental activities made by the people themselves.

As this class of property left the assessment rolls, the rate on

other classes was automatically increased; and then certain classes of tangibles, that might be easily concealed, began to follow these intangibles into hiding. For instance, watches in 1906 were valued at $480,197, in 1911 at $425,441, and in 1916 at $343,048; pistols in 1901 were listed to the value of $133,338, in 1916 to the value of $69,757; guns in 1906 were valued at $23,213; in 1911 at $22,055 and in 1916 at $11,112. And such illustrations might be indefinitely multiplied.

It is also of interest to note that the report of state and national banks of Mississippi, under call of December 31, 1915, shows $62,369,222.93 on deposit, $46,394,403.99 of which was deposited subject to check, with $5,142,938.68 in savings accounts. While for 1916, as of February 1st, the assessment rolls showed for the combined items of money on hand, deposited and loaned, only $3,034,012, and of solvent credits only $1,454,191. The report of national and state banks under call of December 31, 1914, shows $59,977,278.56 on deposit with banks in Mississippi, $49,804,037.50 of which was deposited subject to check, while for 1915, as of February 1st, the assessment rolls showed for money on hand and on deposit only $754,650.

The significance of the above figures entitles them to the careful consideration of every man who acknowledges the remotest interest in the state's fiscal affairs.

The net result of the situation here indicated is that the man with his property in sight is bearing the burdens of government, which, onerous as they are under our system, would not be heavy if all property were fairly assessed and paid its proportionate share. Our system, as it existed in 1916, tended to impose burdens with reference to inability to escape, rather than in proportion to ability to pay. It penalized industry, thrift and enterprise, placed the burden on the weak, the conscientious and the unwary. It discouraged individual ownership of land, by heaping on it burdens that should have been borne in large part by intangible property, but which never will be carried by it so long as our tax levies are exorbitantly and unnecessarily high. The owner of property in sight does not wholly escape taxation by undervaluation, but rather by that process or practice he increases the burden borne by tangible property. As clearly demonstrated by the foregoing figures, he attempts to escape by undervaluation, but is caught by increased rates or levies, which in turn force other property into hiding, and thereby further increase the rates.

As an indication of the increase of wealth in Mississippi, we might note further that the banks of the state reported $65,219,575.71 on deposit with them on June 18, 1913, and on December 27, 1916, they reported $94,841,457.37 on deposit,—an increase of more than $29,600,000.00, in forty-two months. Yet each succeeding year, during that period, brought a reduction in the amount of money, solvent credits, etc., assessed for taxation.

Given the above figures, it is easy to determine who are paying the taxes and why the burden is heavy, and it requires no trained logician to deduce the cause.

But because we have thus called attention to the wholesale non-assessment of intangibles, and of certain forms of tangible personalty, it must not be assumed that we are unaware of the gravity of the like evil in the case of realty. While land is much more difficult to conceal, under our present system of assessing, which frequently consists of merely copying the rolls of preceding years, we are satisfied that many thousands of acres annually escape taxation. It is equally true that the heavy difference between the assessed valuations of cleared and uncleared lands, has caused the return of large areas as uncleared which are in reality developed, revenue producing property.

We have the general property tax in Mississippi, and tax all classes of property at the same general rate, whether it be income earning property or not. For instance, a hay press, operated only a few weeks in the year, pays the same rate as a printing press that is operated every night and day in the year. Money on hand is taxed on an equal basis with money invested in a profit producing enterprise, or loaned at a greater rate than 6 per cent.

The states of California, Kentucky, Louisiana, Maine, Massachusetts, Missouri, New Hampshire, Ohio and Oregon each had constitutions requiring the general property tax, and from 1906 to 1909 commissions in each of these states, without a single exception, advised the abandonment of the attempt to tax all property at a uniform rate and by the same method. In 1907 the commissions of the states of New York and New Jersey also recommended the adoption of a classified property tax.

Practical tax officials, theoretical economists and commissions composed of both classes, have united in the opinion that all experience has established the fact that the general property tax has broken down under modern industrial and commercial conditions. They agree that it cannot be administered so as to work justice, because it lacks

equality and universality; that it perverts the conscience of the people; that it represses the economic development of the state; that it is impracticable, and that it is unsound in theory. The experience of every state with the general property tax has proven that it cannot be fairly administered, however stringent the laws for its enforcement may be. The Committee's recommendations on this subject will appear in a later section of this report.

Double taxation has been so prominent, apparent and conspicuous in our system that we deem it unnecessary to discuss the matter further, or to enumerate the many illustrations of the inequalities of the system as a whole. It is sufficient to bear in mind that it has long been in general disrepute with thoughtful people, and that it has been recognized as impossible of practical enforcement.

Third. Our system resulted in burdensome taxes. The average citizen felt, without thinking, that he paid from 35 to 50 mills tax rate because of the expenditures made by the Legislature, whereas, in fact, only six mills of his tax were the result of legislative appropriations, and this was more than exhausted by appropriations for Confederate pensions and the public school system. Of course, there were other taxes, but they were extracted by a process that was more or less painless to the average citizen.

The greater weight of taxation originates with counties, municipalities and other local unites, where profligate waste and reckless extravagance in the past have evidenced the incompetency of many officials. Numbers of these local units are in a wretched condition of financial distress, and, in the face of high tax levies, their paper often suffers a discount—in many instances as great as 33 1-3 per cent. Of course, recent years have seen large expenditures in Mississippi for good roads and more commodious school buildings, and these, though the best sort of investments, have added their weight to the burden. We should also bear in mind that much of the taxation of these local units is the result of bond issues and special levies, which were made at the instance of petitions signed by a majority of the qualified electorate, or which were approved by the voters at the polls. But we find that this burden is piling up. For if a county's paper is worth only two-thirds of its face value, of course the county pays that much more for what it obtains. Outstanding warrants result in a discount, and a discount, by reducing the purchasing power of the warrant, in turn results in the increase of outstanding warrants, and so the cycle is run.

When the source of tax burdens is sought, we should remember that from 1897 to 1899 inclusive the state tax was 6½ mills, with the local tax ranging from 6 to 10 mills; while today the state tax is 4 mills, with local rates running from 30 to 50 mills in many sections.

Fourth. Our system encouraged tax-dodging, inefficiency and extravagance. We have already indulged in a discussion that clearly establishes the incentives and even excuses for tax-dodging. It only remains to remark that many forms of tax-dodging indulged in by Mississippians have the sanction and approval of a great many people of our state, who excuse it on the ground that our system is inequitable. This is a bad commentary on our system of taxation, but it is none the less a true one.

Inefficiency results from our method of selecting officials to manage the fiscal affairs of local taxing units, without requirement of specified business qualifications. It comes also from the failure of many conservative and substantial citizens to take the same active interest in public affairs as is usually manifested by the petty-grafting parasites who are more or less in evidence in nearly all town and county politics.

Extravagance and false economy are the result of conditions and circumstances already noted. They are also made possible by our system of appropriating public funds by several independent legislative acts, the consideration and passage of which are strung along during a three or four months' period, without the guide of any practical budget. The natural result is that the Legislature, in apportioning the state funds, is likely to be "penny wise and pound foolish," for it is all a game of chance. Other causes of waste are the failure to provide a uniform system of bookkeeping and accounting, and a business-like system of purchasing state supplies.

The practice of anticipating the income is in vogue in our state. Much of the ad valorem taxes paid each fall go to discharge obligations incurred before these taxes were even due. This practice alone would necessitate the borrowing of money even if there were no deficits.

The method has been to borrow money on short term notes, at relatively high rates of interest, to anticipate receipts, and then, after one or two years, to issue bonds to pay the deficits covered by the notes. It is a striking fact that five-sixths of the total payable outstanding bonded indebtedness of the state is made up of current expense bonds. Of $3,050,000.00, there are $2,594,000.00 of this class of obligations.

It is not sound business policy, and it is not square dealing. generally, to issue bonds to pay current expenses; neither is it, as a rule, proper to erect permanent improvements with current funds. It will be criminal to continue the slipshod, haphazard methods heretofore employed in managing the state's affairs, and in saying this we offer no criticism of any particular individual or group. The hand-to-mouth way of handling the state's fiscal affairs must be abandoned, and we must stop eternally borrowing money. Mississippi is a prosperous, wealthy commonwealth, and its actual financial condition is relatively one of the strongest among American states.

Facing a deliberate reduction by the counties of $20,000,000.00 in the assessments on which was based the the state's most important source of revenue, confronting a condition which had grown from bad to worse until it imperatively demanded alleviation, and conscientiously striving to remedy the most glaring defect of the state's fiscal system, in 1916 the Legislature created a State Board of Tax Commissioners. Both branches also adopted resolutions providing for recess revenue committees composed of members of their respective houses. There was no conflict or inconsistency in these actions.

The State Tax Commission was not created for the purpose of increasing the amount of taxes paid by those citizens who were bearing their proportionate share of the tax burdens, but rather to equalize assesment valuations as between counties, and thereby work equity. The effect of such action, of course, would be to eliminate the practice of reducing valuations and increasing levies adopted by county boards. With this practice abolished, the state's income would be, to some extent, protected. The greater valuations thus obtained do not forecast greater burdens for the tax-payer eventually, for, as the valuations go up, the levies should come down. By far the major portion of the taxpayer's burden is purely local in character. If local levies are not sufficiently decreased, or if local expenditures are not properly curtailed, the fault lies solely with local taxing officials, and the remedy remains exclusively in local hands.

A hundred per cent valuation is highly desirable for several reasons:

(a) The Constitution requires it.

(b) Full valuation renders undervaluation more conspicuous and inequalities more glaring.

(c) It means lower tax rates, and it has already been indicated how high tax levies have driven certain classes of property from the assessment rolls, and thereby placed an inequitable burden on other classes. High tax levies, although they may result from undervaluation, discourage investments. New capital invested in our state will reduce the amount of taxes collected on property already here.

(d) It will not increase the burden on the honest taxpayer, but, by the means already noted, and by the further fact that it will catch the tax-payer who is dodging by undervaluation, it will certainly work a reduction, secure equality and eventually assure an adequate income to the state.

The Special Recess Committees referred to were created, thoroughly to consider the whole subject of state and county fiscal affairs, including the methods of bookkeeping and accounting of fiscal officers, and to report their findings and recommendations to the next session of the Legislature. Acting in conjunction, as a single committee they now beg to recommend the following specific remedies for the conditions outlined above.

THE ASSESSOR AND HIS OFFICE.

It is not a matter of chance which causes us to place at the head of our various remedial suggestions those which relate to the duties, functions, qualifications, responsibilities and compensation of the assessing office. It is a conservative statement to say that if the problems relating to the discharge of the duties of this office could be so worked out as to assure a proper initial assessing of property, there would be but little left of the general problem of taxation. It is scarcely more difficult for the stream to rise above its source, than for a fundamentally incorrect and imperfect assessment of property to be corrected into a true and equitable basis of taxation. The assessment is the ultimate foundation of any and every taxing scheme. Properly done, the rest of the system becomes little more than a matter of detail and routine. Improperly done, the resulting and almost irremediable mischief extends its harmful ramifications throughout every branch and feature of the scheme.

It is our opinion, and it is shared by practically all who have investigated American taxing machinery, that the assessor is preeminently the most important fiscal officer of the county and state. Yet the office is today so low in common estimation that it is frequently ranked with that of coroner and ranger. It is in too many cases merely the dumping ground of politics; a berth to be given to the hanger-on of factions and bosses, whose services are not considered sufficiently valuable to merit a more honorable or remunerative reward. Else it is thought so little of that a man who would be considered an incompetent misfit anywhere else is often rated as well qualified to discharge its duties. And in those instances, and they are fairly numerous, when a competent man does fill the place, immemorial usage, traditional local custom and the exigencies of personal considerations, too often combine to render impossible of success his honest endeavor to secure the assessment which his oath of office requires him to make.

After a careful investigation both of our own situation and of the assessing problem in other states, we have been forced to the conclusion that unless the assessor can be granted a reasonable degree of political and official immunity in the discharge of his duties, it is hopeless to pursue the subject further. In some states this has been accomplished by removing the office entirely from local control, and vesting in the tax commission, or other centralized

body, the duty of selecting and the power of removing the county assessor. Nowhere has the problem reached even an approximately satisfactory solution without some measure of supervision or control on the part of state authority. While we are not willing to go as far as many states have gone in this direction, we have become convinced that some decided departure from our existing method of selecting assessors is imperatively demanded by every consideration of business judgment, of fiscal necessity and of common sense.

We accordingly recommend the adoption of a plan whereby the fitness of all candidates for the office may be first passed upon by the State Tax Commission, by means of a practical, non-technical examination. In other words, we would require some evidence of qualification for the office, just as is now required for the office of county superintendent of education. No man can be voted on for the latter office without first passing an examination. We would simply extend the same principle and practice to the much more exacting and important office of assessor.

We would require the assessor to maintain an office in the County Court House, in quarters to be provided for him by the Board of Supervisors. He must also keep and observe the same daily office hours as the Chancery and Circuit Clerks and Sheriff, except during such time as he may be necessarily absent in the discharge of his actual assessing duties. His clerk, or assistant, if he have one, shall observe such hours during the assessor's absence.

The county assessor should be required to file his assessment rolls with the Board of Supervisors on or before the first Monday of June of the year in which the assessment is made. The Board of Supervisors shall immediately, at the June meeting, proceed to equalize such rolls, and shall complete such equalization at least ten days before their July meeting; and shall by newspaper publication notify the public that such rolls so equalized are ready and open for inspection and examination. At the July meeting the Board of Supervisors shall consider such objections and complaints to assessments and equalizations as may have been filed in writing with the Clerk of the Board, and shall make such changes as they think proper to secure equity and justice. The rolls as finally approved by the Board of Supervisors shall by August first be sent direct to the State Tax Commission, instead of to the Auditor of Public Accounts as heretofore.

After the above expression of our estimate of the importance of the assessor's office and duties, we need hardly add that we consider the present compensation wholly inadequate to secure the type of man needed for the place. We have accordingly provided in the bill just referred to, that county assessors shall receive the same salary as may be fixed by law for the sheriffs of the respective counties of the state.

THE ASSESSMENT LIST.

Chapter 101, of the Laws of 1916, amends Section 4270, of the Code of 1906, which prescribed the printed tax list to be furnished the taxpayers. This section of the Code was enacted prior to the creation of the State Tax Commission. It was necessary for the Legislature at that time to prescribe the form of tax list to be furnished tax payers, since there was no administrative body to which could be delegated this authority.

The necessity for a statutory form of tax list ceased to exist when the Legislature created the State Tax Commission. Furthermore, Chapter 101, of the Laws of 1916 is very ambiguous and is calculated to bring about a flood of litigation. It is seriously contended by many taxpayers that this chapter creates a new basis of taxation, and allows certain deductions and exemptions which had not been allowed prior to the enactment of the statute. We feel sure that it was not the intention of the Legislature to change the basis of taxation, for the reason that Section 4270, of the Code of 1906, did not prescribe the basis of taxation, but only prescribed the financial statement or list to be made by the taxpayer, from which the assessing authorities might obtain the necessary information with which to make a proper assessment.

We think that it is very important for the Legislature to repeal Chapter 101, of the Laws of 1916, for two reasons: First, as the statute now stands, it admits of doubtful construction and is calculated to bring about a great deal of unnecessary litigation; Second, the State Tax Commission knows what form of assessment list is best suited to procure the proper listing of all taxable property in the state.

This law should be repealed, and a simple statute enacted authorizing the State Tax Commission to prescribe the form of tax list to be furnished the taxpayer. This will obviate all legal questions, and will be following the universal rule that the form of the tax list is prescribed by the State Tax Commission in all states

having such a Board. It is recognized that where the general property tax is used, the tax list should be as broad and comprehensive as possible, but not burdened with onerous and useless details. To it should be attached a form of oath to be prescribed by law.

It might be advisable specifically to authorize the requirement that the tax list for realty be made to disclose the value of the property as expressed in the conveyance of title to the present owner, where such conveyance has been made within two years next preceding the date as of which the property is listed for taxation. In such case the value of improvements made since the title passed might also be required to be shown.

We also recommend the enactment of a statute imposing a penalty of fifty per cent of the amount of the taxes which would have been collectible, upon all property which has not been listed for taxation. Such penalty to be collected together with the original collectible tax, by the tax collector at his own instance or that of the assessor, with the assistance of the county attorney or attorney for the Board of Supervisors, where legal advice or proceedings may be necessary.

While on the subject of tax lists, as part of the machinery for disclosing all property liable to taxation, we may include a recommendation for a law requiring counties to provide their assessors with county maps. Such maps should be based upon actual surveys made for the purpose, and not be mere compilations, which are usually worthless for assessing purposes. Such maps would pay for themselves many times over, in making possible an accurate assessment of the cleared and uncleared land of the county.

ARBITRATION IN EQUALIZATIONS.

Your committee believes that an arbitration in the matter of equalization of assessments will prove exceedingly efficient, eliminating delays and expenses incident to litigation, and at the same time will satisfy every tax-payer who wants to return a just assessment. We accordingly recommend that in case any tax payer feels aggrieved at the action of the Board of Supervisors in equalizing his assessment, he shall have the right of an appeal, at his option, either to the Circuit Court, as now provided by law, or to a Board of Arbitration. Such Board may be composed of one arbitrator to be selected by the tax payer, another arbitrator to be selected by the Board of Supervisors and the third arbitrator to be selected by these two. We further recommend that the decision of this Board of Arbitration shall be final, just as is the decision of any matter now pending in court that is referred to arbitrators; with the understanding, however, that any award may be attacked on any of the grounds now provided by law for attacking the award of a Board of Arbitrators.

TRANSFER VALUES.

As directly related to the assessing problem, we have found the transfer value requirement of several states to be a most valuable adjunct. We recommend a statute requiring that every deed of conveyance which passes title for a valuable consideration, shall disclose plainly and intelligibly the true and full consideration of such transfer. Where different classes or kinds of property are embraced in one deed, the number, quantity, amount, area, volume or value of each and every different kind or class shall be plainly and fully set forth. Ample penalties should be provided to enforce this requirement, or the Chancery Clerk should simply be prohibited by law from placing of record any conveyance which failed to comply with it.

Immediately upon recording any conveyance the Chancery Clerk should fill out a brief form, to be furnished him by the State Tax Commission, showing the grantor and grantee, the property conveyed and its location, and the date and consideration of the transfer. The original should be accessibly filed in his office, and one copy be mailed to the State Tax Commission and one copy be mailed to or filed with the county assessor.

In states where this system has been successfully used, it is not contemplated that any individual assessment shall necessarily be made to conform to the transfer value. The purpose of the requirement is much broader. It is to furnish from time to time an index to certain property values in various sections of the several counties; to the end that within a reasonable time sufficient, and sufficiently accurate data will have been accumulated to render possible the determination of a just and reasonable average valuation of each class of property, not only in the several counties but also in the various sections of each county itself. This purpose should be plainly indicated in the statute providing for the requirement.

INSURANCE INDEX.

Of a somewhat similar nature to the foregoing, is the use of insurance data as an aid to determining assessable values of certain classes of personal property. There is no more glaring defect in the conglomerate American taxing system, than the failure to compel certain forms of personalty to bear their just share of the tax burden of the government. And there is no taxing evil more difficult to remedy. There is no right of visit and search granted the assessor who is adrift upon the high seas of taxation. He can only guess at the value of the contents of homes, or accept at its face the statement of the owner, who in turn knows that every other owner acknowledges no relation between actual and assessable values. He can only guess at the contents, value of warehouses, factories and stores. The result is that the escape of these classes of personalty has become in America almost as great a scandal as the escape of actual intangibles. And the universal, inevitable result has been to increase the burden upon other classes of property.

It must be borne in mind that the only object of any tax lists is to disclose the existence and value of property. Unless and until human nature undergoes a revolutionary change, some means other than dependence upon voluntary desire to pay taxes must be resorted to, if the initial tax list, the very foundation stone of every system of taxation, is to be made even approximately to tell the truth. It cannot be too strongly emphasized that it is to the ultimate interest of every reasonably honest taxpayer that all taxable propery be properly listed for taxation. The individual weight of any burden is directly related to the number of individuals who carry it. The tax burden in Mississippi would shrink to non-appreciable proportions, if we could only compel every piece and species of property in the state to help carry the load. The problem as a whole, is in the final analysis largely one of distribution.

As an aid in arriving at values, or at least as a possible check on gross undervaluation, we accordingly suggest that the Tax Commission be specifically authorized by law in their discretion to require in the form of tax list prescribed by them a statement of all insurance in force as of February 1st, carried by individuals, firms and partnerships, on personal property of every description, household property, goods, wares and merchandise, raw and manufactured stocks and products. And the same information may be required by the Tax Commission in assessing the property of corporate concerns, whether the same form of tax return be used or not.

BANK, MERCANTILE AND MANUFACTURERS' STATEMENTS.

The banks of the state are held to a rigid compliance with the law which requires them to make periodical sworn statements of their condition. While the law is based primarily upon considerations of public policy, incident to the nature of the banking business, its practical operation none the less serves to render the taxing of such institutions a much simpler undertaking than that of other business enterprises.

Your committee is therefore unable to see any valid ground for complaint against a similar requirement for the mercantile and manufacturing business, whether conducted by private individuals or incorporated companies. We accordingly recommend a law requiring all individuals, firms, and partnerships engaged wholly or in part in the mercantile or manufacturing business, or both, to submit to the assessors of the counties in which such mercantile or manufacturing business may be carried on, sworn statements of the condition of such mercantile or manufacturing business as of February first each year. Such statements shall be on forms furnished by the State Tax Commission to the county assessor, and shall be filed not later than April first of each year. The same requirement shall be made of all corporate concerns engaged wholly or in part in the mercantile or manufacturing business, or both; but such statements shall be furnished to the State Tax Commission.

The statute should be so drawn as to render impossible the working of any injustice to such individuals, or concerns, by way of double taxation or otherwise, and should have in view the possible operation of a comprehensive income tax law. The statements required under this act would not be open to inspection under any circumstances, except to the assessor and members of the Board of Supervisors and State Tax Commission, in their official capacities. Such statements as are made to the assessor should be required to be kept in his sole custody, in a vault or safe provided him by the Board of Supervisors for such purposes.

By the same or similar statute, all banks, or individuals or concerns doing a banking business, should be required to file with the State Tax Commission sworn statements of their condition as of February first of each year. Such statements to be in the form now prescribed by law or by the State Banking Commission, and to be filed March first of each year.

FISCAL DATES.

Numerous suggestions have been made to us relative to changes in various dates for fiscal transactions. This is notably true of the assessing date, February 1st. We have concluded, however, that owing to the fact that the assessors take office in January every four years, considerable trouble and confusion would result from having the assessor's work begin October or November first, as has been urged. The outgoing assessor would take little interest in the work between the election in November and the date of his retirement. His successor would find difficulty in checking up what really had been done before him, and would be practically certain to have the work to do over. It therefore seems to use best to allow the date of assessment to synchronize, as at present, as nearly as possible with that of the assumption of office by the assessor.

Such changes as we think advisable in other dates will be indicated in appropriate bills.

PUBLIC SERVICE CORPORATIONS SHOULD BE ASSESSED BY THE STATE TAX COMMISSION.

It is almost imperative that the law authorizing the Mississippi Railroad Commission to assess public service corporations should be amended, and the assessment of these corporations be transferred to the State Tax Commission. In the first place, this is the logical thing to do,—that is, to have one general equalizing board passing upon all classes of property.

Theoretically, the Railroad Commission has no way of knowing on just what basis the State Tax Commission fixes the assessment valuations of property other than that of public service corporations, and vice versa.

The railroads of the United States, since the decision in the Kentucky Franchise Cases by the Supreme Court of the United States, decided in June, 1917, are instituting litigation on the idea that railroad properties are assessed at a higher proportion of their value than is other property. It will be manifest that with one equalizing board, such a situation would be much less liable to occur, and we might add that we do not think such a condition does exist in Mississippi at the present time.

There is now pending in the Federal Court an injunction suit brought by six of the leading railroad companies of this state against the Mississippi Railroad Commission, enjoining the certification by the Mississippi Railroad Commission of the assessment rolls of these companies to the various taxing districts of the state. One of the main contentions of the carriers is that other property is assessed at a lower proportionate value than railroad properties. We may reasonably expect similar litigation, just so long as the present methods of assessment are allowed to remain.

There is an additional reason why this change should be made. This is, that the State Tax Commission is in much better position to ascertain property values than is any other body to which the Legislature might delegate the duty of assessing public service corporations. Its information and facilities will steadily increase, and it is the only body in the state whose sole duty is that of handling property assessments.

BOARDS OF SUPERVISORS.

Ranking next in importance to the duty of making a proper assessment, is that of the equalizing and general supervisory powers exercised over such assessment when made. Acting in conjunction with assessors, the county Boards of Supervisors are called upon to discharge the gravest obligation which may devolve upon any public official, that of safeguarding the raising and disbursing of the public revenue. Yet so lightly does the sense of such responsibility rest upon the voting conscience of the community, that idlers, misfits, incompetents, business failures and professional politicians are frequently placed in an office the duties of which demand an exceptionally high order of executive and administrative judgment and ability. Wars have been waged and revolutions fought over the question of the control of the public purse, yet the American people habitually hand it over to incompetent and sometimes dishonest hands, and sit quietly by while their own funds are either squandered or purloined.

The county unit has been called the "Dark Continent of American Politics." In Mississippi it has of late occasionally professed itself to be treated as the step-child of the state. In all candor, if our investigations have taught us anything at all, it is that if the Boards of Supervisors of Mississippi during the past twenty years had even approximately discharged their voluntarily assumed obligations as fiscal officials, the State Tax Commission would not have been brought into existence, for it would have had no duty to perform. Do not misunderstand us. There have been and are now county boards composed in whole or in part of excellent and capable men. But the general average of the state has been and is now distressingly low, and the counties as a whole are suffering in consequence of the fact.

It is wholly foreign to our purpose to attempt unduly to interfere in local affairs. But the state is simply the aggregate of all its component parts, and the conduct of the fiscal business of the county has long since ceased to be merely a matter of purely local concern. We have no thought of suggesting the abolition of county boards, and the substitution of a paid county manager, as has been recommended in other states. But we do, however, believe that a competent county manager would be a valuable adjunct in the administration of county affairs. We submit the following recommendations in the not too confident hope that their adoption will improve existing conditions. The ultimate solution, after all, must remain in the hands of the people who elect their fiscal officials.

We suggest that the president of the board be paid a monthly salary in addition to his mileage and per diem, and be required personally to investigate all claims for allowances before the board. Whether he approve or disapprove a bill or other claim, after such personal investigation, he shall write across it the words "personally investigated by me", and "approved", or "disapproved" as the case may be, and under this the date and his signature, all in ink. No bill or other claim against the county, except regularly authorized salaries, shall be allowed or paid by the Board of Supervisors until first so personally investigated, with the approval or disapproval of the president clearly indicated thereon, and then only by the audibly expressed assenting vote of an actual majority of the elected and acting members of the board. Under this requirement three men present out of a board with five members, could not allow a claim unless all three actually affirmatively voted to pay it. The board shall allow no bill or claim which shall not have been personally investigated by the president at least three full days prior to the date of the meeting at which such claim is presented. This would prevent the pernicious practice of allowing a flood of claims, rushed in at the last minute and not examined or approved by anybody. And the Clerk of the Board of Supervisors or other officer, should be prohibited by law from issuing any warrant for any claim against the county unless the same shall have been allowed in accordance with the above provisions.

In case of the actual inability of the president of the board to discharge his duties preliminary to any meeting, he would be authorized to delegate his authority in writing to some other member. Such authorization should be spread upon the minutes of the board, and would be specifically required for each and every meeting for which the president was unable to investigate accounts. The investigation and approval or disapproval of accounts by such substituted member to be expressed just as in the case of the president.

The salary of the president shall be not less than $25.00 nor more than $100.00 per month, in addition to his per diem and mileage, and shall be fixed by the board itself after the president shall have been elected. But the president shall not vote on the fixing of his salary, except in case of a tie. The per diem of members of the board shall be graduated in proportion to the assessed values of the respective counties of the state, to be fixed by the proposed statute on this subject.

STATE TAX COMMISSION.

No statute enacted in this state in recent years has become such a storm center of discussion as that creating the State Board of Equalization, or Tax Commission. Probably this would have been the case with any similar law, regardless of its provisions or terms. In this particular case, dissatisfaction and distrust with reference to such an enactment had unfortunately become deeply rooted in the minds of many people of the state, associating with it an idea of sectional prejudice or animosity. The genesis and history of the law do not justify this view, and we are able to believe that this idea is no longer at all generally entertained. It is unhappily true of every state in the Union, with absolutely no exception within our knowledge, that the reformation of revenue evils and the improvement of taxing systems have been badly hampered and delayed by internal sectional jealousies, class feeling, town and county antagonisms, or various similar causes. It is our opinion that Mississippi is as little afflicted in this regard as any of her sister states.

Some of us may not have approved the law as enacted. We may have preferred other means or another form for accomplishing the desired result. But if this be true, it is now none the less ancient history. The law was passed; it has been sustained by the courts, and is now being enforced. It is only gnawing a file, to talk of its repeal. It is much more profitable to accommodate ourselves to its operation, and seek to influence its activities along sane and reasonable lines, recognizing it as henceforth a permanent feature of our taxing system.

Regardless of his preconceptions, we venture the opinion that no man can really study the history of taxation in any American state which has progressed beyond the dark ages of public finance, without becoming convinced of the necessity of some centralized authority for administering the taxing system, when state and county interests impinge one upon the other. This report has delineated conditions in our own state to very little purpose if it has not clearly indicated the necessity of some such intervention here. Nor is the precise form of such a law of such vital import, after all, so long as it is practically workable. The personal equation in such matters is everything. And this is particularly true of the initial stages of enforcement, a period during which tact, diplomacy, forbearance and common sense are most valuable official assets.

We hold no brief for the Tax Commission. It is in fact our opinion that in the long run more good would have been accomplished and less friction and ill-feeling engendered, had two or three years been given to what was undertaken in one. But we would be both stupid and unfair, if we did not also recognize the fact that much of the hostile criticism of the Commission is in reality properly chargeable to the action of certain Boards of Supervisors. It has been brought to our attention, for example, that certain boards made absolutely no real effort toward equalizing assessments among the taxpayers of their own counties. They simply avoided the onerous labor which the discharge of this duty entailed, and adopted the easy method of raising every individual assessment the flat percentage required by the Tax Commission for the county as a whole. Some boards even went so far as to assure their constituents that this is what the law compelled them to do, thereby shifting to the Tax Commission the odium of the entire transaction.

We are of the opinion that the Commission should be exceedingly careful in its requests for additional authority from the Legislature, and the latter be extremely cautious in granting requests which extend beyond purely administrative details. The law can establish its own right to existence, with a few unimportant amendments, just as it stands. But it should first be made to do so. We are opposed to granting to the Commission inquisitorial functions, and the rights and powers of a special court, within county jurisdictions. We believe that the matter of individual assessments and equalizations should be left to the chosen officials of the counties, save possibly as to the broadening of the right of individual appeal from local equalizations.

It should be the duty of the Tax Commission constantly to study the whole subject of taxation and public finance. It should qualify itself to make biennial recommendations to the Legislature, not alone on petty questions of local administration, but on the broader aspects of taxation and state finances. It should be able to speak with accepted authority upon approved systems of taxation for corporations, banks, public utilities, manufacturing and mercantile enterprises, as well as for individual property owners. It should immediately build up a library of authoritative works in the field of its activities, including a complete collection of state and Federal studies and reports, statistical publications, etc. Only by this means can the office attain its maximum degree of usefulness to our people, and measure

up to the standard of similar departments in other states. One or more members of the Commission should attend every annual conference of the National Tax Association, as the best possible means of getting into touch with taxing officials and authorities of other states.

To this end, and to further its more efficient general work, we favor a liberal clerical and contingent allowance for the Commission. The Capitol Commission should provide ample and convenient quarters and equipment for the Tax Commission.

As tending to remove the office from political considerations as much as possible, and as conforming to the best practice elsewhere, we favor a change in the tenure of office at the expiration of the terms of the present members of the Commission. The appointive method of selection should by all means be retained, but the terms of office should be so arranged that they will not all expire during any one administration.

Such legislation as we think advisable right now, covering the work of the Tax Commission, will be embraced in the several bills to be submitted to you, following this report.

THE GENERAL PROPERTY TAX.

Mississippi has a general property tax. The Constitution provides that taxation shall be equal and uniform throughout the state, that property shall be taxed in proportion to its value and according to its true value. A similar provision is found in every Constitution of the State of Mississippi adopted since its organization and admission into the Union. Under the general property tax all property, regardless of its inherent character, regardless of its class and regardless of its earning capacity is assessed equally and uniformly. This tax was doubtless suited to conditions in the early history of Mississippi and of other states of the Union. When the state was organized corporations were comparatively unknown, while lands and tangible personal property comprised practically all of the property of our forefathers. Stocks and bonds and many other kinds of intangible personal property, too numerous to mention, were almost unknown.

Results of General Property Tax in Mississippi.

1. DEFICITS.

As a result of the general property tax in Mississippi, deficits have occurred, and during the past twenty years these deficits have become more pronounced.

For the fiscal year from October 1, 1913, to October 1, 1914, the disbursements of the state exceeded its revenues by five hundred and ten thousand three hundred and ninety-five dollars and sixty-three cents ($510,395.63).

There was a deficit for the fiscal year from October 1, 1914, to October 1, 1915, of three hundred and eighty-one thousand three hundred and fifty-six dollars and fifty-five cents ($381,356.55).

For the fiscal year from October 1, 1915, to October 1, 1916, there was a deficit of $531,660.00, although there was this year an equalization of the personal rolls by the State Tax Commission.

The deficit for the fiscal year from October 1, 1916, to October 1, 1917, was largely in excess of that of the preceding year. And this notwithstanding the fact that the real and personal assessments of Mississippi for the year 1917 are more than $175,000,000.00 in excess of the total valuations of real and personal property for the year 1916. An increase in valuations has not solved the problem, for, while valuations were increased enormously in 1917, yet under a reduced levy

the total state tax paid into the state treasury for the year 1917 will be $24,986.86 less than in the preceding year. The situation in Mississippi is becoming worse each succeeding year. Deficits will continue as long as the general property tax obtains.

2. INEQUALITY.

Not only has the general property tax proved to be inadequate but it has produced an inequality in valuations in Mississippi. In theory it aims at equality. In practice it has caused the greatest inequality. This is true with reference to all personal property, but it is especially true in relation to intangibles. During the past thirty years industrial and commercial progress has certainly kept pace with increased values in real estate. While lands have been cleared at the same time cities have been builded, large industrial and commercial enterprises have been established, banks have multiplied and corporations have become numerous. Yet the fact remains that the increased valuations of real estate have been largely in excess of those of personal property.

In 1888 the total valuation of realty in Mississippi was $99,985,-697.00, while the total valuation of personalty was $42,721,082.00. In other words in 1888 the valuation of lands was approximately twice the vaulation of personalty in Mississippi. The total valuation in Mississippi of realty in 1917 was $417,145,363.00, while the total valuation of personalty was $117,551,983.00. Or, in 1917 the valuation of realty was approximately four times the valuation of personalty in Mississippi. It would be difficult to find a better illustration to prove the inequality of the general property tax.

Moreover, in 1901 the total assessment of money loaned, on hand or on deposit was $8,014,588; while fifteen years later, in 1916, after the personal assessment for this year had been equalized by the State Tax Commission, the total assessment of money on hand, loaned or on deposit was only $3,034,012.00. Again, in 1906 the total assessment of solvent credits in Mississippi was $8,595,191.00. Ten years later, in 1916, the total assessed valuation of solvent credits had shrunk to only $1,454,191.00.

3. EVASION AND TAX-DODGING.

Not only has the grossest inequality resulted from the operation of the general property tax, but the figures just quoted, which might be multiplied indefinitely, show that wholesale and universal evasion and tax-dodging have resulted. These evasions have very materially

increased as the rate of taxation in the counties has increased. The average citizen feels, without thinking, that tax rates of from twenty-five to fifty mills have been levied because of appropriations made by the Legislature; whereas, in truth, the high rate of taxation results from expenditures by Boards of Supervisors and other local units, where extravagance and incompetency are frequently found. This increased rate of taxation is also due to large expenditures for good roads, for public schools and for permanent school buildings. These investments have added their weight to the burden, but the moving and underlying cause is the inequality of the general property tax, and the incompetency of public officials in the management of the affairs of counties and municipalities. We repeat that the high rate of taxation is not due to increased appropriations by the legislature, for in most instances these increased appropriations are made absolutely necessary by the expansion of the work, and the growth of the institutions, of the state. We cannot too strongly emphasize the fact that the state tax levy is but an insignificant part of the total taxes paid by the individual citizen. And it is invariably immediately handed back to those who paid it. In 1916 the appropriations for the two items alone of Confederate pensions and common schools exceeded by $29,182.15 the aggregate amount of taxes paid on realty and personalty into the state treasury. In addition, liberal appropriations were made for the University, for the A. & M .College, the Normal College, the Alcorn A. & M. College and for county agricultural high schools.

4. UNSOUND IN THEORY AND UNENFORCEABLE IN PRACTICE.

The proposition that all property, regardless of its kind or class, should be taxed equally and uniformly is not only unsound in theory, erroneous in principle, and vicious in practice, but it is utterly unenforceable. It is just as sound to say that all investments should result in the same profit, as it is to contend that all property should pay the same rate of taxes. If lands and intangible personalty are assessed equally and uniformly, the result will be that in many instances the taxes on money loaned, for instance, would be fifty per cent of the interest received. All students of taxation and revenue have agreed that one-half of one per cent is ordinarily as much taxes as intangible personal property can pay. No one would contend that land which rents for $5 per acre should be taxed as much as $2.50 per

acre; yet under the general property tax, if money loaned is taxed at the same rate as lands the result is that one-half of the interest or income on this species of property would be paid into the treasury as taxes. The principle is fundamentally wrong. It lacks uniformity and equality. In Mississippi we are confronted with a fact and not a theory. Intangible personal property is fast disappearing from the assessment rolls. The law exempting money loaned at six per cent is not the cause. It lies deeper. It is to be found in our antiquated and now thoroughly condemned general property tax system. Intangible personal properties, such as money loaned, money on hand and solvent credits, are difficult to reach as they readily lend themselves to tax evasion. Some means of taxing them justly and equitably must be devised, if they are to be reached at all. The experience of Mississippi and of every other state that has tried the general property tax is that it is a failure and that it cannot be successfully administered even with the most stringent laws. Every class of property ought to bear its just proportion of the burden of taxation. If, however, solvent credits are assessed at the same rate as lands, the resident of Mississippi desiring to lend money will seek other fields for investment, while the non-resident money lender will continue to find in Mississippi profitable fields for his investments, without bearing any part of the public debt. A high rate of taxation on intangible property means no taxation on this class of property. The creation of the State Tax Commission did not solve the problem, and it cannot. We might as well levy the same privilege tax on each occupation or on each business, as to levy taxes equally and uniformly on each kind of property. The National Government recognizes the principle that property must be taxed according to its earning capacity, according to its productivity and according to the ease with which it can escape taxation. There is one duty on wool and another on diamonds and still another on sugar, and it is less on diamonds than on sugar. If the general property tax is correct in theory, the National Government might as well have the same tariff on lumber as on wool, on luxuries as on necessities, and Congress might dispense with the great labor of preparing tariff schedules upon various species of property. If the general porperty tax were to obtain in the administration of the affairs of our National Government, all internal revenue taxes would be equal and uniform.

Again the people of the State of Mississippi by retaining the general property tax are robbing themselves of revenue to which

they are justly entitled. Ours is an agricultural state. As personal property disappears from the rolls, the taxation on lands increases. If personal property, and particularly intangibles, be taxed fairly and equally, the burden of taxation upon lands and especially on lands of the small owner will decrease. Our people will be encouraged to invest in land and to acquire permanent homes.

We have had occasion to examine the reports of many special commissions appointed by various state legislatures during the past few years for the purpose of investigating the question of taxation and revenue, and, without exception, such commissions have reported that the general property tax is a failure. Hundreds of commissions, after exhaustive investigations, have reported that the principle that all property, irrespective of its kind or class, should be taxed equally and uniformly is unjust, unsound, inadequate and inefficient. The experience of Mississippi is not peculiar. All other states where this tax prevails report that its operation is unsuccessful.

All of the countries in Europe, with the exception of a few cantons in Switzerland, abandoned it years ago. Already many states of the Union have repudiated and abolished it. It has sinned away its day of grace, if it ever had one. It has been the subject of investigation for more than forty years. The day is not far distant when a Constitutional provision requiring the general property tax will be the exception rather than the rule. No self-respecting people ought to permit the present inequality and inequity to exist after they have fully understood the matter. The fault is not so much in the administration of the law as it is inherent in the law itself.

We respectfully submit that the figures and considerations above mentioned prove conclusively that our system is not only unsound in principle, but that it is also utterly unenforceable in practice. We are of the opinion that if the State of Mississippi had appointed a commission of experts to investigate this matter, the same conclusions would have been reached; and their recommendation would have been identical with ours,—which is that the general property tax should be abolished.

The Supreme Court of the United States, in the case of Pacific Express vs. Seibert, 142 U. S. 351, said: "A system which imposes the same tax upon each species of property, irrespective of its nature, condition or class will be destructive of the principles of uniformity and equality in taxation and of a just adaptation of property to its burdens."

The Louisiana Tax Commission in an elaborate report in 1908 said, "Our conclusions conform with those of other tax commissions, that a tax based on a constitutional requirement of equality and uniformity is vicious, and leads to the grossest inequality and injustice."

Richard T. Ely, a noted authority on taxation, says: "The one uniform tax on all property as an exclusive source of revenue, or the chief source, the main feature in direct taxation, never has worked well in any modern community or state in the civilized world, though it has been tried thousands of times, and although all the mental resources of the ablest men have been employed to make it work well. I have read diligently the literature of finance to find an example but in vain; and unless this should not be sufficiently trustworthy, I have made it my business, in my capacity as tax commissioner, to visit typical states and cities, and to make inquiries in person of citizens as well as of officials entrusted with the administration of the laws, and the resut has been abundant to confirm all that I have said about the impracticability of the one uniform tax upon real and personal property."

Edwin R. A. Seligman in his discussion of the general property tax, says: "Practically the general property tax as actually administered today is beyond all peradventure the worst tax known in the civilized world. It puts a premium on dishonesty and debauches the public conscience. It reduces to a system and makes a science of knavery; it presses hardest on those least able to pay. It imposes double taxation on one and grants entire immunity to the next. In short, the general property tax is so flagrantly inequitable that its retention can be explained only through ignorance or inertia."

THE CLASSIFIED PROPERTY TAX.

What is the remedy for the conditions above described? The evil can and must be corrected. A better administration of the laws will help, and certainly a more sane expenditure of the public funds will contribute materially to the desired end. We unhesitatingly answer, however that in our opinion the only permanent remedy in Mississippi is the abrogation of the general property tax system, and the adoption of a classified property tax. It is well to keep in mind that the classified property tax contemplates one rate of taxation on realty, another on tangible personalty, another on intangible personalty and still another on incomes. It further contemplates a different rate of taxation on different kinds of personal property. Under the classified property tax there could be a uniform tax of, say, five mills on each dollar loaned in Mississippi, whether secured or unsecured, no matter what the rate of interest and whether loaned by a resident or non-resident. Property would then be taxed in proportion to its earning capacity and in proportion to its productivity. As a result of the general property tax, lands, and particularly small tracts of land are now paying more than their part of the taxes for the support of the state government; and these taxes in many instances are really becoming burdensome. What would be the result if we should adopt the classified property tax?

1. Intangible personal property would find its way to the assessment rolls, for the average citizen would pay without much evasion a tax that is fair and equitable.

2. The taxes on lands would decrease.

3. The industrial and commercial development of Mississippi would be promoted, for capital would be invested where it is now deterred. There is no reason why cotton factories should not dot the hills of Mississippi, and consume the cotton that is produced in our fertile valleys. There is no reason why factories should not be erected in every locality, for our climate is favorable and our people are progressive. Let us give Mississippi a fair chance to grow and develop both commercially and agriculturally, by striking off the shackles of an antiquated and discredited system.

It has been demonstrated that a reasonable tax on intangible property, with a civil penalty that is adequate in the event of failure to pay, will bring large amounts of solvent credits to the assessment rolls, which under other systems now practically escape taxation.

Under Section 112 of the Constitution there can be no classified property tax in Mississippi. When we make this statement, we are not unmindful of the decisions of the Mississippi Supreme Court in the matter of the taxation of banks, freight line companies or corporations. It is not necessary that the entire Constitution of the state be redrafted, or that a new Constitution be adopted, to enable the Legislature to adopt legislation that will be at once progressive and in line with the best modern thought on taxation and revenue. The two amendments herein suggested, in our opinion will suffice. They are broad enough to make possible the adoption of a classified property tax, and to permit such changes in our taxing system as future legislatures may find it desirable to make.

We accordingly recommend that Section 112 of the Constitution be amended so as to make possible a classified property tax, and so as to grant to future legislatures broader powers in matters of taxation. We recommend that the following proposed amendment to Section 112 of the Constitution, being a model provision suggested by a committee of the National Tax Association, be submitted to the qualified electors at the general election to be held on the first Tuesday after the first Monday in November, 1918, to-wit:

"The power of taxation shall never be surrendered, suspended, or contracted away. All taxes shall be uniform upon the same class of property within the territorial limits of the authority levying the tax, and shall be levied and collected for public purposes only."

There is at present a discrimination in assessments against some corporations in Mississippi. Corporations should be taxed in proportion to their earnings, and the taxes on corporations should be such that money invested in them will not pay a higher rate of taxation than money invested in other similar enterprises.

We accordingly recommend that the following amendment to Section 181 of the Constitution be submitted to the qualified electors for ratification at the general election to be held on the first Tuesday after the first Monday in November, 1918:

"That Section 181 of the Constitution shall be and is hereby annulled and eliminated therefrom."

If these two constitutional amendments are adopted, Mississippi will be at last free to work out her fiscal salvation along such lines as the wisdom of the future may deem best adapted to the needs of the time. One generation should not too closely bind the hands of another. As our organic law now stands, the solution of our problems is severly hampered by the constant fear of constitutional infringement. Under the first of these amendments, Mississippi could avail herself of the experience of every other state in the Union, instead of, as now, being restricted to methods and systems which find no favor elsewhere.

Until such restrictions have been removed, the most that can be done is likely to prove but a makeshift effort at reform. The real foundations of our troubles are deeper than can be reached by the efforts, however honest and earnest, of equalizing boards and committees of investigation. If we do no more than accomplish this amendment, we may feel that our endeavors have made possible future progress which otherwise could not have been achieved.

INCOME TAXES.

Chapter 101, of the Laws of 1912, as amended by the Act of 1914, is the present income tax law of Mississippi, and it contains so many deficiencies that we can only state some of the more glaring, without attempting to discuss them all.

The present law is a verbatim rescript of an income tax law passed by the State of Oklahoma in 1907, with the exception of two paragraphs in Section 4, which paragraphs are taken bodily from a South Carolina statute passed in 1902. Oklahoma realized from the very beginning that the statute was practically worthless, and no attempt was really made to enforce it in that state. The law was repealed and an effective income tax statute has since been enacted.

It is a recognized canon that every system of taxation should embrace an income tax feature as one of its essential parts. And such laws should have progressive rates, thereby following the accepted maxim that the greater tax should be paid by those best able to pay it.

The present income tax law of Mississippi should be repealed outright. We recommend the passage of a law with progressive rates, taxing incomes of both individuals and corporations. All incomes from above $1,000.00 should be taxed. The rate on the small income should be low. The reasons for taxing small incomes at all are that the inclusion within the law of as many people as possible will serve to discourage class distinctions and will require every one to contribute according to his ability to the burdens of the state. In addition, notwithstanding that the tax paid on the small income may be more or less insignificant in amount, the very fact that the individual pays an income tax in any amount will cause him to take an interest in the administration of his government, and tend to create within the tax payer a desire to know how the taxes of the state are being expended. The law which we submit is an adaptation of the Wisconsin and Federal income tax statutes to Mississippi conditions.

It is frequently argued that corporations should not pay an income tax. We think this argument is without merit, and furthermore, we do not believe that the people generally would approve any income tax law that made an exemption as to corporations. A deduction should be allowed for the dividends paid by corporations,

so as to obviate double taxation. This is done in Wisconsin and also by the Federal Government. By deducting dividends you tax the corporation and the individual on exactly the same basis.

It is a recognized fact that the taxation of intangible personal property under a general property tax is an utter failure the world over. In order that any income tax law may be enforced successfully, it is absolutely necessary that all intangible personalty, such as money, credits and securities, be exempted from an ad valorem tax. You then tax this class of property under the income tax. If you fail to make this exemption of intangible personalty from the general property tax, you necessarily place the income tax payer in the attitude of having to hide this class of property and not pay any income tax on it.

In order to encourage the rendering of true income tax returns, under the proposed law it is provided that no back taxes shall be assessed on intangible personal property after December 31st, 1917. You thereby encourage a correct return on incomes for the future, because the tax payer knows that the difference in the returns on the income tax and those made in the past on intangible personal property under the ad valorem system, will not be taken up by the Revenue Agent and be made the basis of back assessments.

It is necessary that the State Tax Commission be given the administration of this law, and that they be provided with sufficient help and funds to administer it properly. Its success or failure is solely a matter of administration. Naturally, the expense will be greater the first year, and a campaign of genuine education must be carried on over the entire state for the first two years after the enactment of this law in order to explain to the people its plan, purpose and the beneficent effects of its proper administration.

The exemption of live stock along with the exemption of intangible personal property, while it may not be strictly in accord with the principles of taxation, would go a long way toward allaying any feeling on the part of the people generally that the exemption of intangible personalty is class legislation, for a class of which most of the people are not members.

An income tax law is not primarily intended as a revenue producer. All civilized nations, however, have realized that a proper income tax law should be a part of every model system of taxation.

The Federal Government collects in Mississippi approximately $300.000.00 annually on incomes. We think $25,000.00 is probably

more than the State of Mississippi has ever collected under the law now in force in this state.

The proposed statute, which will be presented to the Legislature for enactment, will contain a provision requiring the state income taxpayer to file with the State Tax Commission a duplicate of his income tax list, as furnished by him to the Federal Government. This will be a very valuable check on the returns made by the income taxpayers under the Mississippi statute. Such a provision has already been adopted in one of the progressive states, and works well.

INHERITANCE TAXES.

An inheritance tax law is in force in all of the states of the Union, with the exception of five, four of which are southern states. An inheritance tax has long been recognized as an eminently proper tax for a state to demand of its citizens. Practically all of the so-called civilized nations have such a tax. As with the income tax law, an inheritance tax law is not intended primarily to produce revenue, but rather to include within the taxing system of the state a proper law that will produce some revenue.

The law proposed is an adaptation of the Rhode Island and Federal statutes to conditions in Mississippi. The Rhode Island statute is recognized as the best inheritance tax law in the Union, and we think that the law proposed is in some respects an improvement on that of Rhode Island. The Rhode Island law taxes only the inheritance of non-residents on real property situated within the state. We are of the opinion that this tax should include all personal property capable of having a situs of its own;—what we would commonly call tangible personal property. This follows the statutes of Mississippi now in existence, which provide that personal property situated within the state shall descend according to the laws of descent and distribution within the State of Mississippi.

The rates in the proposed law are different from those in any other state, and we think are an improvement thereon. The exemptions are larger than those in most of the southern states, yet they are not so large as the exemptions in the eastern states, where people have greater wealth and it requires a greater income on which to live. We think it best to have the exemption high enough

in Mississippi, so that no objection to the law will be occasioned at its very birth on account of the taxation of small inheritances. If, in the future, it is determined by the Legislature that the exemptions in the proposed law are too high, they can be reduced to a proper basis.

We have in the proposed law allowed a greater exemption to widows than to any other direct heir, and a greater exemption to a minor child than to children who have attained their majority. The wisdom of this is apparent. The enforcement of the inheritance tax law is placed by some states with the State Tax Commission, and by others with the Attorney General's department. We are rather inclined to think that it is better to place it in the hands of the Tax Commission.

PRIVILEGE TAXES.

The opinion of this committee is unanimous on the proposition that the system of privilege taxes in vogue in Mississippi is vicious in the extreme. We believe that as a general proposition the imposition of a privilege tax is theoretically wrong. The only excuse for its existence is that it affords a ready means of collecting revenue. The total privilege taxes collected for the fiscal year ending October 1st, 1917, amounted to $551,008.16. We realize that under present financial conditions, it would be impossible to abolish the privilege tax statutes now in force, and thus deprive the state of this nevessary revenue. We do recommend, however, that the system be not extended and that the present privilege taxes be repealed just as rapidly as conditions will admit; except in those cases where the imposition of the tax confers some substantial benefit upon the individual by reason of the payment of such tax. Mississippi uses the privilege tax system to a greater extent than any other state in the Union.

PUBLIC SERVICE CORPORATIONS.

It is an unfortunate incident of American industrial development that apparent conflicts of interest between individual and corporate property have accompanied the largest measure of general economic progress. The corporation as a legal entity is not a modern creation of law, but the expansion of corporate growth and activity, extending its ramifications throughout all the industrial aspects of society, has been accomplished within the memory of men still comparatively young in years. It was Roscoe Conkling who probably had more than any other one man to do with reading into the Fourteenth Amendment an inclusive purpose foreign to the intent of its authors. It was this construction which made possible the present growth of corporation law and practice. And Conkling was an active figure on the political stage scarcely more than a generation ago.

As the corporation has grown in strength and influence, there has also grown a feeling that it has used its power to control legislation for its own ends,—to secure privileges and immunities denied the individual citizen, and to escape burdens which the latter is compelled to bear. We thus have the anomolous and unfortunate situation of two conflicting interests in the body politic and economic. The old Vanderbiltian attitude of "the public be damned," now happily long since discarded, and the early aggressions of the Pacific Coast railways, one the one hand, and the attitude of certain "Sands Lots" politicians on the other, served to lay the founations of a situation which became inimical to the best interests of all parties concerned.

It was inevitable that this conflict of interest should find expression in the vital matter of taxation. The public, using the term in the accepted differentiating sense, came to feel that it was being exploited by the corporations; that states, counties and municipalities were being deprived of their just revenues by evasions reached through the technical skill of able lawyers and the political manipulation of legislative bodies. The corporations professed to be equally sure that they were being made the victims of harsh and oppressive methods of taxation, at the instigation of politicians who sought to rise by appeals to class interests and prejudices. Notwithstanding the very great alleviation of this general situation which has come

about in recent years, enough of it still remains to vex and complicate any attempted adjustment of the problem of corporate taxation.

We are told by corporate interests that all they demand is a simple compliance with the elementary principles of justice and fair dealing in matters of taxation. They want only to be taxed as individuals are taxed, as regards the relative assessed valuations of corporate and individual properties. This is clearly a just demand, and the difficulties of compliance with it should not be allowed to weigh a particle against an honest effort toward the end of its realization by the state. But the peculiar and complicated character of many forms of corporate property and business are such that it is wholly impossible to institute valid comparisons between them and the ordinary holdings of individuals. It is equally impossible to frame a tangible test of fairness between the two, such as may be definitely expressed in the practicable terms of a workable taxing system. The constitutions of all the states embrace, in general or specific terms, the requirement of equality of treatment, but they fail to lay down a chart by means of which the requirement may be translated into a reality. We doubt if it is possible to frame any law which will meet the test, save by incorporating into it an element of latitude and flexibility which can be secured only through the medium of a large discretionary administration.

The Constitution of this state treats the general subject of corporations in an article of twenty-two comprehensive sections. This article defines a corporation as follows in Section 199: "The term corporation used in this article shall include all associations and all joint stock companies for pecuniary gain, having privileges not possessed by individuals or partnerships."

The fact of "having privileges not possessed by individuals or partnerships" implies a ground of distinctive treatment in taxation. This finds expression in Section 112, which authorizes the Legislature to "provide for a special mode of valuation and assessment for railroads, and railroad and other corporate property." It is under this provision that the assessing of public service corporations is now lodged with the Railroad Commission, which brings us to a consideration of the concrete condition before us.

Stated briefly, the Railroad Commission requires annual statements from public service corporations, showing earnings, property values, according to the class of corporation, mileage, etc. On the

showing of these statements, values are assessed and certified by the Commission to the various counties. Privilege taxes are based on a rough classification of railroads, and are fixed at so much per mile. Commenting on Mississippi's system, the report of the United States Commissioner of Corporations, for 1915, says: "The exact method of determining the valuations of railroad property is not fully revealed by the railroad commission." The truth is, or so it appears to us, that there is no definite method in the matter, "exact" or otherwise. Apparently it is largely a matter of hazard, based upon exhibits the value of which for assessment purposes is decidedly vague and uncertain. This is almost necessarily true, when we remember that the undertaking is in the hands of men whose business is not that of studying problems of taxation, but rather those of control, and much of whose time is consumed in passing on grievances, complaints and requests.

The systems under which such corporations are taxed elsewhere, are as varied as the states of the Union. They exhibit every vagary of the taxing mind. It is not our purpose to recommend the adoption of any other system right now, but rather to insist upon transferring the assessing duty to the State Tax Commission. We believe that with proper effort and study on their part, aided by statements and reports made by the railroads to other states and to the Federal Government, a reasonably fair basis of assessment can be reached. This belief is based upon the results attained in other states, with laws no more comprehensive than ours. To do this, however, the Tax Commission must secure some measure of assistance and advice as to procedure and methods from tax experts, on a statement of facts which the Commission can present, or by de novo expert investigation.

Such changes as would be involved in the recommendation of a definitely different system, would require a constitutional amendment. This we have advised under our discussion of the classified property tax. With that accomplished, we are inclined to believe that a gross-earnings tax, at a rate sufficiently high to promise no immediate diminution of this source of revenue, would be the best system to adopt. This would be in lieu of all other taxes, and would be apportioned among the counties and towns of the state, with the retention of a certain percentage for state purposes. Such a system would meet the present complaint of such corporations, against having to pay a multiplicity of taxes, at different and fluctuating rates.

But there is no actual principle of taxation involved here, as in the case of the general property tax. It is simply a question of method and expediency. Hence our judgment is that the Tax Commission will be better qualified to pass on it, after themselves subjecting the present law to a rigid test, than we are at the present time. In this connection, too, we have not forgotten the fact that Wisconsin abandoned the gross-earnings method for the ad valorem, after more than forty years' experience with the former. The argument which led to the change will not be taken up here, but it might be met by making the annual gross-earnings rate discretionary with the Tax Commission, within certain limitations.

Note.—A comprehensive summary of authorities, with methods of taxing public service corporations, may be found in a paper and its appendix by A. E. Holcomb, in the proceedings of the National Tax Association for 1911.

BANKS, AND MERCANTILE AND MANUFACTURING CORPORATIONS.

The other classes of corporate property are concerns engaged in mercantile or manufacturing enterprises. To these may be added banking institutions. The latter must comply with the law as to their sworn statements of condition, and their assessments are based on such showings.

We have elsewhere expressed the opinion that mercantile and manufacturing corporations should be required to make similar statements. By this means alone we believe that the present laws can be made effective and satisfactory. But we would have such statements returned to the State Tax Commission, and the assessments made directly by that body, and certified to county and city assessors. We would authorize the Tax Commission to employ special accountants if needed in individual cases, and experts in such lines of business as might require their use; but only in case the Commission had first been unable to agree with such corporations upon their assessments. When a satisfactory assessment is made or agreed to without litigation, and so approved by the Tax Commission, such assessment would be final and conclusive, and could not be reviewed or gone behind by the Revenue Agent or other department, for assessment or collection of back taxes. We would also suggest that after the first approved assessment by the Tax Commission, the concern so assessed woud be exempt from back taxes on any previous assessment of the same property.

We would make identical provisions, safeguards and exemptions for the assessment of banks.

Our reasons for these recommendations must be obvious. The present system is a self-confessed failure. Many mercantile and manufacturing corporations are doing a large business in several counties, either directly or through branch houses. Theirs is frequently a competitive business. They are not assessed in any two counties on the same basis, nor are any two or more competitive concerns assessed alike. The business is in many respects intangible, and usually demands a more expert knowledge than the local assessor commands. Evasions under the present arrangement are frequent and notorious. This is shown by the numerous back tax collections made of such

concerns, even if it were not already a matter of common knowledge. But these back collections do not represent the money actually due, for they are usually compromise adjustments, and from such collections must be deducted the Revenue Agent's commissions. The plan we propose would establish a definite business relationship between such corporations and the taxing authority of the state, instead of leaving such assessments in the present attitude of a game of chance. The manifest fairness and business-like nature of the proposition we believe would appeal to honest business men, and lead to the collection of more revenue, with less friction and expense, than under any other system which could be devised. The mere fact of the finality of his tax transactions would be welcomed by the honest man, and we would most strongly insist upon the exemption feature of the plan. On the other hand, the knowledge that the assessing power was in the hands of a board which was in touch with like business enterprises all over the state, thus giving it most reliable data for the institution of comparisons between similar returns,—a board which also had at its command expert assistance,—woul deter the dishonest as would no other consideration. The system we propose would put much additional work and responsibility upon the Tax Commission, and would demand all the elements of faithfulness, ability, fairness and sound judgment upon its part. But when once thoroughly established and properly administered, it would work almost automatically, and we do not believe would be willingly discarded by either the taxpayer or the state. The Income Tax law which we recommend will apply to all corporations, and be administered by the Tax Commission; which is additional reason for placing all corporate assessments entirely in the Commission's hands. We would, of course ,expect the Commission to advise such changes as experience might prove to be necessary from time to time.

One genuine evil which it is difficult to reach, we find in the case of the foreign corporation doing business in the state through the medium of a local branch or agency. An examination of the taxes paid by some of these concerns reveals an absurd situation. A corporation with an enormous investment of capital, but domiciled outside the state, will build a small warehouse, occasionally on a leased right from a railway company, and do a large and prosperous business, for which it usually pays little more than a nominal privilege tax. It is in direct competition with domestic concerns which pay all state and local taxes. It frequently carries large stocks of goods, and does

a large volume of credit business. But by assessment date its accounts have been transferred to a foreign city, and its stock run down or concealed. Even its delivery wagons, tank wagons, live stock and trucks are usually handled so as to escape local taxation.

We propose that these concerns also be placed under the assessing jurisdiction of the State Tax Commission.

Bills for putting into effect the foregoing recommendations as to corporate property will be submitted with the other bills offered by your committee.

BUDGET SYSTEM.

The present method of handling and appropriating moneys necessary for the support of the state and its institutions is not only antiquated, but it is exceedingly inefficient. We very urgently recommend the adoption of a "Budget System" for the handling of state affairs. At present, each branch of the state government and each institution submits to the legislature whatever demands it sees fit. The budget plan contemplates that each institution and branch will, at a sufficiently early date, submit to the governor of the state a detailed estimate of the expenditures necessary for the ensuing year, together with explanations of changes as compared with previous appropriations and expenditures for the same item. These estimates should contain parallel columns, presenting at least the following information:

1. Name of item.

2. Appropriation for each year of the current biennium.

3. Actual expenditures during each of the two preceding fiscal years.

4. Explanation of any increase.

5. Estimated revenue to be obtained independent of appropriations.

After the estimate is submitted, the legislature should not specify in too great detail where every item is to be minutely fixed, unless there be some provision to transfer it. For the administration would then not only be unable to take care of unforseen contingencies, but there is a temptation to spend the whole of every separate item for the object specified, although it may not be actually needed. The state officers and institutions should be required to state just how much money was actually spent for each item specified during the previous year.

After these estimates are submitted to the governor, he should then be required to confer with the various officers of the departments and institutions, or with the chief executive officer submitting the estimates, and revise them. These revised estimates should be printed and laid before the legislature on the first day of the

session. In fact, a summary of them should be made public before that time. These estimates as presented to the legislature should be properly grouped and summarized, and the totals shown, together with the statement in detail of the estimated sources of revenue which will provide for the total amount.

We, therefore recommend:

1. That every department of the state government and every institution supported by the state, in whole or in part, shall make an estimate of its expenditures and revenue for each of the ensuing fiscal years of the biennial period, and submit the same to the governor at least ninety days before the ensuing meeting of the legislature.

2. That the governor of the state study thoroughly the said estimates, conferring with the chief executive officers of the departments or institutions, and revise them, and that the governor have the said estimates printed and mailed to the members of the legislature at least ten days before the first day of the session, and given to the press. That said revised estimates shall show the actual revenues and expenses for the two preceding fiscal years, and the expense for the ensuing biennial period.

3. That the governor shall submit a budget to the legislature, properly grouped and summarized, giving comparative estimates for the succeeding biennial period with actual figures for the preceding biennial period; the amounts which he recommends, with columns showing whether the recommendations are equal to, above or below the amounts requested; and whether they are equal to, above or below the amounts of the preceding biennial period; together with the reason of the recommendation of the allowance or disallowance; with any other recommendations which the governor may have to make in said report. The said budget shall be printed and mailed to each member of the legislature at least ten days before the first day of its session.

4. That proper appropriation bills to cover the expenditures necessary for the biennial period be submitted to the legislature immediately after the session is begun, to the end that all appropriations may be made at the earliest date possible during the session of the legislature.

Too much emphasis cannot be placed upon the importance of proper immediate consideration of all appropriation bills. The heads of the departments and the chief executives of the institutions should be encouraged to see that proper appropriation bills are introduced as soon as the session is begun. Especial care should be taken by the legislature to see that the aggregate of the appropriations made does not exceed the estimated income of the state.

If the recommendations herein made are adopted by the legislature and properly complied with by the governor, we indulge the hope that not only would the next session of the legislature be comparatively brief, but also believe that its record for efficiency would be unexcelled in the annals of the state.

It may be argued that this will devolve a great deal of work upon the governor. But he would have access to the information desired, and inasmuch as he must pass on all appropriation bills ultimately, and as he has time for the work and is really charged with such supervision under the laws and constitution of the state, we believe he is the proper person in whom to lodge this responsibility. It may be argued that a board should be created for this purpose. This would probably mean disagreement and an inefficient budget. The governor is largely responsible for the general welfare of the institutions of the state, and we believe that the greatest efficiency would result from his having the supervision and responsibility herein recommended.

We of course realize that these recommendations do not embody the provisions and requirements of a model budget system. This is simply the nearest approach to such a system that we can devise within the limitations of our present constitution.

GENERAL PURCHASING BOARD.

The investigation and experience of your committee lead them to believe that much money would be saved to the state and its institutions if a general purchasing board were provided, with authority to purchase supplies for the state and its various institutions and departments. We believe that this board should be composed at present of the Board of Trustees of the Penitentiary. Provision should be made whereby all departments of the state government and all institutions of the state could purchase general supplies at the same price. This can only be done by concentration. The idea that your committee has in mind is that the general supplies, those that are common to all the institutions of the state, could be purchased by this general board.

GENERAL AUDITING SYSTEM.

Practically each audit of the books of a county discloses either a shortage or inefficiency in the handling of public moneys. This committee is very thoroughly of the opinion that the legislature could do no more economical or beneficial thing than to establish a system of auditing whereby the accounts of the state and county officers could be examined annually. This should certainly include the expenditures made by the boards of supervisors or under their direction. At present the chancery clerk is county auditor, and receives compensation from the county for his services. If the funds, amounting in the aggregate to approximately $35,000.00 annually, now paid to chancery clerks, were devoted to a real audit of the books of the counties much practical good would result and greater efficiency be obtained. The clerk will soon be on a salary, and at present his work as auditor is productive of little good. It really amounts to nothing, so far as a check on public expenditure is concerned.

Under Section 4739 of the Mississippi Code of 1906, the State Revenue Agent is required to investigate the books of all state and county officers, but no provision is made for the payment of the expenses connected with this work and the statute is really a farce. It is only when the State Revenue Agent is really sure that there has been a shortage, so that he can recover some compensation, that these audits are ever made. It is not the fault of the

State Revenue Agent, but it is the fault of the system. There should be a supervisor of public accounts, to be appointed by the Board of Bank Examiners who should make such investigations, leaving to the Revenue Agent the collection of taxes. The chief public accountant should be authorized to employ all necessary assistants. The committee therefore recommends:

1. That a complete system of accounting be inaugurated in all the departments and institutions of the state, as well as in all counties and municipalities.

2. That this system be uniform for all state officers for all state departments and for all state institutions; and likewise uniform for all counties and municipalities, with such changes in each class as may be necessary in the discretion of the chief public accountant.

3. That the office of chief public accountant be created and he be authorized to employ all necessary assistants.

4. That a complete audit of the receipts and disbursements of the officers, and of all departments, both state and county, be made annually.

5. That the chief public accountant be required to examine the bonds of all public officials, to see that they are in proper form, and that he be empowered to require new bonds when he finds bonds insufficient or defective.

6. That reasonable appropriations be made, to be expended as directed by law, to enable the complete audits herein provided for to be made.

The Revenue Agent should be restricted to the collection of such back taxes only as his office may discover to be due, and shall be allowed no commissions or fees on collections based upon the results of audits made by the Chief Public Accountant.

RESTRICTIONS ON THE TAX LEVYING AND MONEY EXPENDING POWERS OF LOCAL TAXING UNITS.

Your committee recommends the enactment of laws further restricting the powers of Boards of Supervisors and other local bodies, in the matter of levying taxes and expending funds. Every county and every municipality in Mississippi should be placed immediately upon a cash basis, and then operated thereon.

To this end, all counties and towns, whose outstanding warrants are sufficient in amount to affect the public credit of these units, should be authorized and required to retire all such outstanding warrants by borrowing money or by issuing short term bonds. Some counties and towns are continually several thousand dollars behind, and, as a consequence, the holders of the warrants are forced to discount them at the depository. When a sum is placed to the credit of the county or town, the depository simply cashes the warrants it holds, and continues to discount the warrants held by others.

It should be made a criminal offense for any member of a county board, municipal council, or other local authority, to vote for the issuance of any warrant, or for the expenditure of any money, in excess of the amount in the treasury of such local unit. For so doing, he should be removed from office. However, to give the required elasticity to such a system, the law should authorize such boards to issue loan warrants to the extent of the determined income of the unit, in anticipation of the payment of taxes, where the practice of anticipating the income cannot be avoided. The local board should, in the event of an emergency or special need, be authorized to petition a board composed of the Governor, State Treasurer, and Chairman of the State Tax Commission, for special authority. Means of providing funds for permanent improvements by bond issues, upon due expression of approval by the people, and the limitation of levies for each local purpose should be strictly prescribed. It is the sense of your committee, however, that to attempt to secure a greater income for the state by placing an unreasonably low limit upon general county levies, would be arbitrary and would not work for equalization. A much needed reform would be worked by changing the date for the beginning of the fiscal year of these local units.

Sections 3430 and 334 of the Code of 1906 provide for some phases of these recommendations, but those provisions are inadequate and ineffective.

SIX PER CENT EXEMPTION STATUTE.

We believe the 6 per cent exemption statute, as it operates in nearly every section of Mississippi, tends to furnish a refuge for tax-dodgers, and that it should be repealed as soon as such action can safely be taken. However, with money and evidences of indebtedness being taxed at a rate uniform with other classes of property, and the tax rate ranging from 2 per cent to 5 per cent, money would be driven out of circulation, and commercial and industrial stagnation would result, if the statute should be repealed. Therefore, we recommend for the present that all money and evidences of indebtedness be exempted from county, municipal and district taxation.

ROAD EXPENDITURES.

Thousands of dollars have been expended in Mississippi for good roads, during recent years, and other thousands will be spent in the near future. Road building has supplied a source of waste and extravagance that is both appalling and criminal, and the law should require the employment of competent supervising and consulting road engineers wherever construction work is undertaken.

In many counties, great sums provided by bond issues have been entirely exhausted in the construction of magnificent roads, and these roads, thus constructed at heavy expense to the tax payers, have been allowed to go to ruin for lack of maintenance. The burden of the bond issue remains, but the roads are gone. We should either cease building roads by bond issues, or we should provide for their proper maintenance when constructed. Some boards of supervisors protest that they are unable to maintain their roads on the maximum levy now allowed.

The road laws are in confusion, and your committee recommends the immediate appointment of a special committee from the legislature, charged with the duty of reporting to this session a proper codification of our road laws, together with proposed statutes remedying the evils noted.

SERIAL BOND ISSUES.

Funds for permanent improvements should be provided by bond issues. The term of such bonds should not extend beyond the period of usefulness of the improvements thereby provided for. Five-sixths of the total bonded indebtedness of the state is made up of current expense bonds, and it is fundamentally unsound and inherently unfair to issue bonds for current expenses. All bonds should be of the nature of serial bonds; that is, the method of retiring the debt should be by annual payments and not by a sinking fund. Sinking funds afford great opportunities for mismanagement and loss, and the ultimate cost of a loan is less by the serial issue than by the sinking fund plan. The serial form is universally approved in all bond markets, and, other things being equal, is preferred by investors. It is therefore more readily sold.

DISTRIBUTION OF SCHOOL FUNDS.

We recommend that Section 206 of the Constitution be so amended as to provide for a more just and equitable distribution of the common school fund to the several counties of the state.

CONCLUSION.

In submitting this report to you, we feel that we may without impropriety ask upon your part a suspension of judgment as to its recommendations, until you shall have taken time to give them the a careful analysis and consideration to which they are entitled. They represent the results of two years of study and investigation of the conditions to be remedied, of every possible remedial measure and of the experiences and experiments of other states. They represent to you our final conclusions as to the means best adapted, at the present time, to meet the needs of our situation, considered in all its aspects. The suggestion is merely for the purpose of facilitating the unhampered consideration of the report.

It would have been a simple matter for us to have submitted a much more elaborate and imposing document than the one which we lay before you. The data and material are in our hands, and its preparation would have been an easy task. But our thought has been to reduce our suggestions to the fewest possible number and the simplest possible terms. We think it wise to progress along lines as little radical as is consistent with progress at all. In guaging the conservatism of our recommendations, knowledge is necessary of the means adopted to meet identical ends in other states. We might, for example, with propriety and precedent, have proposed a law requiring banks to collect the tax on deposits, as expressed in average balances, if need be, and thus put an end to the most patent of all tax evasions. But for sound considerations, we preferred for the present to attempt other remedies for the evil. We might have suggested the direct appointment and complete control of county assessors by the State Tax Commission, and thus have met one of the greatest defects in our entire system. In doing so we would have been in line with the best and most effective practice in other states. But we preferred a compromise measure, in order to leave with local taxpayers the ultimate selection of this most important official. We could indefinitely multiply such illustrations and comparisons. We have done as much as, but no more than, the situation seemed to demand. And we would again call your attention to our preliminary statement of the means by which we have reached our conclusions, and bespeak their acceptance upon similar terms. We oppose a borrowing policy, and prefer the raising of money by taxation; yet we are compelled to advise a heavy issue of bonds. We oppose the tax ferret systems and methods

resorted to by some other states; yet we are constrained to advise the requirement of business statements, the use of insurance disclosures and the reports of transfer values of property. We are opposed in principle to our elaborate system of privilege licenses; yet we are compelled to insist upon its temporary retention. We favor a consistent policy of liberality toward public institutions, schools and permanent improvements; yet we are compelled most earnestly to advise the exercise of extreme caution and conservatism with regard to such expenditures at the present time. And individually and as a committee, we pledge ourselves to such a program, so strongly are we convinced of its immediate necessity.

We also repeat a statement which we made at the outset of this report; that no legislation can be devised to bring instantaneous results. Hence the necessity of such recommendations as we have just enumerated. While certain broader changes of system are being inaugurated, some of which demand constitutional changes, the state must have immediate revenue to meet immediate needs. Not until the success of every proposed remedy shall have been tested by time, will it be safe to discard taxing expedients, pratcices and methods which should be temporary in character, and which in principle may be even unsound.

We feel that we should not close this discussion, even at the risk of unduly prolonging it, without a word of most earnest warning against the danger of placing too great reliance upon the naked letter of the law. No statute can be made automatic in its operation. Merely to state the fact, is to demonstrate its truth. We do not even question it, in the case of criminal laws and those concerning the ordinary civil relations of mankind. Yet in the vital matter of the public revenue we seem content to let the law take such course as it may,—unaided by proper effort toward proper administration, and hampered by every selfish instinct and consideration of human life. We elect a sheriff whose character justifies the belief that he will fearlessly apprehend the murderer and the thief. A coward and a weakling would not even presume to run for the office. While for assessor scarcely any known disqualification would of itself deprive a man of the place. Yet the ability and moral courage required for the latter position are as great as they possibly could be for the former.

The whole matter can be summed up in the one word "administration". Unless revenue laws are properly administered, they

are mere dead timber on the statute books. And their proper administration can be secured only through the election of highly qualified fiscal officials. The ultimate remedy, therefore, lies with the taxpayers themselves.

The foregoing report would be unworthy of your consideration if at its conclusion, through either ignorance or timidity, we failed to state the truth as to the situation which immediately confronts you. We have with great care investigated the present financial condition of the state, and it would be a dishonest evasion of duty not to recommend measures sufficiently drastic to meet the situation, as we find it. The deficit which exists and is accruing can be provided for only through the issuance of bonds to the amount of three millions of dollars.

We find one of the ultimate sources of our present financial difficulties extending back to the failure of former bond issues to take care of the deficits they were intended to meet. The remedy was only piecemeal and palliative, and the unrelieved condition was passed on, to vex succeeding years. We cannot continue this practice. We must discharge our duty as we see it, or allow the state's obligations to go by default, and her credit to become thus dangerously impaired.

The matter is in your hands.

We therefore propose that you authorize three millions of dollars of bonds, to be issued only as needed, and then only for the carefully and definitely limited purpose of meeting obligations already incurred by specific warrant of law, and for caring for deficits in funds to meet legislative appropriations. These bonds of course to be of serial form, and to begin maturity at an early date. This would save long interest payments, and would serve to keep constantly before future legislatures the financial obligations of the state, instead of encouraging carelessness by postponing maturities to long deferred dates.

As tending to diminish the sum total of bonds to be necessarily issued, as well as to guard against recurring deficits, we think that the revenues to be raised by current taxation should be as large as is consistent with a proper regard for the present burdens of the taxpayer. We have thoroughly canvassed this aspect of the situation also. It is worse than idle to ignore the plain mandates of prudence and business necessity. The state simply cannot live on the basis of a revenue derived from a levy of four mills. We have in the premises absolutely no latitude of choice, when we recommend that

for 1918 and 1919 the state levy be fixed at six mills. As an exhibit of the conditions and purposes which imperatively demand this rate, we propose that the total be fixed and apportioned specifically as follows:

For Confederate Pensions and Beauvoir	1 mill
For Common Schools	3¼ mills
For General State Purposes	1¾ mills

From this you will see that the state will receive for its general administration less than one-third of the total revenue derived from ad valorem sources.

These immediate recommendations are made in the hope and belief that at the end of this biennial period, if our other suggestions are enacted into laws and the latter are properly administered, the revenues of the state will meet all reasonably necessary expenditures, and the era of accumulating deficits shall finally have passed away.

All of which we respectfully submit.

22783

END OF
TITLE